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DRAFT DECISION PRESENTED BY ARGENTINA*, EGYPT*, JAPAN, PERU*, THE PHILIPPINES, TRINIDAD AND TOBAGO* AND URUGUAY

Arrangements for the Governing Council: Venue

The Governing Council,

Reaffirming General Assembly resolution 45/264 of 13 May 1991, in particular paragraph 3 (h) of the annex thereto,

Having considered the question of the venue of the Governing Council,

Decides to inform the General Assembly, through the Economic and Social Council, that the Governing Council convenes its meetings only in the location of the United Nations Development Programme headquarters, namely, New York, from 1992 onwards, unless it is decided specifically to meet at other places.

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* In accordance with rule 72 of the rules of procedure of the Economic and Social Council.

91-20317 3499Z (E)

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DRAFT DECISION

91/__. Support costs successor arrangements

The Governing Council,

Recalling its decisions 90/26 and 90/21 of 22 June 1990 and 90/34 of 23 June 1990,

Taking note of the reports of the Administrator contained in documents DP/1991/7 and DP/1991/25,

1. Reaffirms the relevance and importance of the provisions of paragraph 1 of Governing Council decision 90/26 that the successor arrangements are to serve the purpose of the United Nations Development Programme, which is to support technical cooperation in developing countries, and as such should:

(a) Continue to reflect the principles of tripartite partnership as a distinctive characteristic of United Nations Development Programme assistance, irrespective of execution modality;

(b) Promote coherence and coordination in the operational activities of the United Nations system;

(c) Facilitate the further assumption by Governments of the management of United Nations-financed programmes and remove impediments to and provide incentive for national execution and sharper technical focus by agencies;

(d) Reinforce the accountability of the Administrator and of technical and specialized agencies providing support services;

(e) Be structured to strengthen capacities for technical support, while keeping to the necessary minimum the resources deployed for administrative and operational support;

(f) Seek to ensure cost-efficiency, enhanced quality, cost-transparency and effectiveness in the implementation of United Nations Development Programme-assisted programmes and projects, through, inter alia, greater openness and competitiveness in accessing and providing services in accordance with the approach set out in paragraph 41 of the annex to the Consensus contained in General Assembly resolution 2688 (XXV) of 20 December 1970;

(g) Continue the principle of cost-sharing between the United Nations Development Programme and agencies;

2. Decides that the new regime of support costs successor arrangements, described in, inter alia, paragraphs 7, 8, 10, 11 and 14 of decision 90/26, shall apply from 1 January 1992 to the Food and Agriculture Organization of the United Nations, the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organization, the United Nations Industrial Development Organization and the Department of Technical Cooperation for Development of the United Nations Secretariat;

3. Invites agencies not part of the new regime to consider the possibility of participating in the new regime in the light of the experience gained;

4. Decides on an apportionment of funds to the various provisions of the successor arrangements, as shown in the table in annex I to the present decision;

5. Acknowledges that the apportionment of funds for technical support services at the programme and project levels, referred to in the present decision as TSS-1 and TSS-2 respectively, for the fifth programming cycle has been largely arbitrary and experimental, and considers that future total allocations should be related to the level of United Nations Development Programme programmable resources attributable to the sphere of competence of the agencies participating in the new regime;

6. Decides that for the purpose of determining allocations for technical support services for the sixth programming cycle, an external evaluation shall be carried out which will include an analysis of the need for and experience with TSS-1 and TSS-2 services, in the context of the review called for in paragraph 22 of decision 90/26;

7. Decides that the financial expenditure ceiling for the planning of the successor arrangements for the fifth programming cycle shall be 14 per cent of the programmable resources and also decides, as an exceptional measure, that unutilized resources from the support cost line relating to the fourth programming cycle, not exceeding $17 million, shall be carried forward and applied towards the costs of the successor arrangements for the fifth programming cycle;

8. Authorizes the establishment of TSS-1 and TSS-2 at levels specified in annex I of the present decision; and decides that the uses and management of these facilities shall be governed by the guidelines provided in annex IV; and that the guidelines shall be administered in a flexible and practical manner, bearing in mind the overall aims and objectives of the new arrangements;

9. Decides that in view of the innovative nature of the TSS-1 facility, the allocation for TSS-1 shall be examined in 1994 in the light of experience and in the context of the mid-term review of resources called for in paragraph 16 of decision 90/34;

10. Takes note of the intention of the Administrator to administer the resources of TSS-2 within the framework set out in annex IV of the present decision and, to the extent they are compatible with that framework, within the provisions of paragraph 34 of document DP/1991/25;

11. Authorizes a further provision of $20 million for the purpose of providing technical support for national execution, this amount to be managed in accordance with the guidelines established for TSS-2 and taking into account the importance of capacity-building for national execution in developing countries; a first tranche of $10 million from this amount to be made available when the total approved budgets for nationally executed projects in the sectors covered by the agencies participating in the new regime reach $500 million; a second tranche of $10 million to be made available when $800 million is reached;

12. Decides that, in the event of any or all agencies currently using the old regime electing to participate in the new regime, any additional resources which may be needed for enhancement of TSS-1 and TSS-2 shall be derived from within the financial envelope established in line with paragraph 6 above, in particular by drawing on possible savings which may be realized in lines 3 and 5 of the table in annex I of the present decision as well as on savings from lines 1, 2 and 4, if necessary and appropriate, unless the Governing Council should decide to allocate additional resources in the future for this purpose;

13. Decides that projects approved prior to 31 December 1991 against fifth programming cycle resources shall be subject to the current regime and financed from resources maintained centrally by the Administrator and approves the proposal of the Administrator to continue to apply the current regime beyond 31 December 1991 until such time as the project budget portfolio for 1992 and future years for the agencies participating in the new regime, taken together, reaches a target of $500 million or until 30 June 1992, whichever comes first, and until such time as that for the agencies not participating in the new regime (excluding the Office for Project Services, the World Bank Group and the regional banks), taken together, reaches a target of $180 million or until 1 January 1993, whichever comes first;

14. Decides, consequent to paragraph 13 of the present decision, that applicable support cost payments to agencies subject to the current regime (excluding the Office for Project Services and the World Bank Group) shall be made centrally by the United Nations Development Programme; thereafter, charges for these support costs shall be as follows:

(a) Ten per cent to the respective indicative planning figure sub-line;

(b) An additional 3 per cent and flexibility payments, if any, to be charged to an account to be managed centrally by the Administrator;

15. Affirms that the support cost rate applicable as described above shall not be subject to negotiations on a project-by-project basis, and accordingly authorizes the Administrator, upon approval of a project to be implemented by an agency subject to the 13 per cent support cost rate, to apply automatically the arrangements described in paragraph 14 of the present decision;

16. Confirms that in respect of the first $140 million of nationally implemented projects approved from fifth programming cycle resources, 10 per cent of the value of these projects shall be added to the relevant indicative planning figure sub-lines;

17. Decides to discuss further the issue of transitional arrangements at its thirty-ninth session (1992) based on the recommendations contained in document DP/1991/25;

18. Takes note of the recommendation of the consultant to establish eight clusters of services, listed in annex II, for payment of administrative and operational services, and authorizes the Administrator, in consultation with the agencies concerned, to refine them further and to give further consideration to a possible reduction in the number of clusters prior to their final establishment by him;

19. Approves the proposal to apply a common schedule of differential reimbursement rates for all agencies participating in the new regime;

20. Approves the methodology recommended for the conversion of actual cost rates to reimbursement rates for clusters of services with the intention that the compensation paid for administrative and operational services support to agencies participating in the new regime, taken together, should not, on the average, exceed 10 per cent of their project value, as specified in paragraph 15 of decision 90/26, and requests the Administrator to assess biennially the situation in relation to this provision, and to report to the Governing Council on variances in excess of 1 per cent and to submit proposals to the Council on appropriate means of adjusting rates so as to realize the objectives set out above;

21. Takes note of the plans of the United Nations Development Programme and the agencies for carrying out during the third quarter of 1991 certain refinements to the data collected and authorizes the Administrator, on the

basis of the final data, to establish the schedule of the United Nations Development Programme reimbursement rates to become applicable as of 1 January 1992;

22. Requests the Administrator to keep under review the possibility of applying lump-sum payments for clusters of services rather than percentage rates;

23. Decides that the common schedule of reimbursement rates applicable to the agencies participating in the new regime shall apply as well to the United Nations Development Programme-financed projects implemented by the Office for Project Services from 1 January 1992 and that payments be drawn from the respective sub-lines for indicative planning figure-funded projects and from resources set aside for this purpose for Special Programme Resources-funded projects, as applicable;

24. Decides to consider at its thirty-ninth session (1992) the question of the method of charging support costs to United Nations Development Programme trust funds or other funds under the authority of the Administrator and meanwhile agrees that, in the case of implementation arrangements other than those for the Office for Project Services, the present basis of compensation shall continue;

25. Decides in agreement with the World Bank Group to reduce the rate of support costs payable for projects financed from United Nations Development Programme core resources implemented by the Group from 11 per cent under the current arrangements to a 10 per cent flat rate from the respective sub-lines as of 1 January 1992;

26. Decides that the principles of and the arrangements for the new support costs regime for country projects shall also be applied to intercountry projects as outlined in paragraphs 59 and 60 of document DP/1991/25;

27. Decides that support cost provisions for Special Programme Resources-funded projects shall be made as part of resources for successor arrangements held centrally by the Administrator, and that for nationally implemented projects 10 per cent of the value of these projects shall be added to the relevant indicative planning figure sub-line;

28. Approves support cost flexibility arrangements for eligible executing agencies retaining the current regime whose levels of annual delivery from United Nations Development Programme core resources do not exceed $24 million, according to the scale set out in annex III of the present decision;

29. Notes the distinction made in the schedule between marginal rates of reimbursement and effective rates of reimbursements, a marginal rate being the percentage reimbursement to be applied to amounts of delivery in excess of each threshold, and an effective rate being that which becomes applicable to reimbursement to the whole amount of delivery;

30. Reaffirms paragraph 3 of its decision 81/40 of 30 June 1981, in which the Governing Council decided that only autonomous organizations within the United Nations system should be eligible for support cost flexibility arrangements;

31. Requests the Administrator to report to the Governing Council at its thirty-ninth session (1992) on measures to ensure that execution and implementation arrangements are satisfactory under the support costs successor regime;

32. Requests the Administrator, in accordance with paragraph 23 of Governing Council decision 90/26, to present to the Council, at its thirty-ninth session (1992), following consultations with the agencies, proposals for the monitoring and evaluation of the new arrangements;

33. Decides to monitor closely the implementation of the new arrangements and to this end requests the Administrator, in consultation with the agencies, to prepare a progress report each year, including information on the status of the financial provisions of the successor arrangements and including an analysis of the impact, if any, of the new support costs arrangements on the sectoral distribution of projects, to be reviewed by the Governing Council;

34. Decides to hold the review called for in paragraph 22 of decision 90/26 at the forty-first session (1994) of the Governing Council;

35. Takes note of the proposals of the Administrator contained in paragraphs 67 to 74 of document DP/1991/25 regarding currency fluctuations and requests that possible new proposals contain the principle of symmetry in compensatory payments between the United Nations Development Programme and the agencies.

Annex I

ALLOCATION OF RESOURCES FOR THE VARIOUS PROVISIONS OF THE SUCCESSOR ARRANGEMENTS TO AGENCY SUPPORT COSTS FOR THE FIFTH PROGRAMMING CYCLE

	Millions of dollars
Resources held centrally	
Support costs for transitionary projects	109
Provision for nationally implemented projects approved before 1 January 1992	14 a/
Payments for agencies subject to current regime from central resources	18
Support costs for SPR-funded projects	26
Agency flexibility provisions	10
Technical support services	
TSS-1	64
TSS-2	60
Technical support for national execution	20
AOS resources	
Country and intercountry IPF sub-lines	323
TOTAL	627

a/ To be financed from unutilized resources carried over from the support cost line of the fourth programming cycle and therefore not included in the total.

Annex II

RECOMMENDED LIST OF CLUSTERS OF SERVICES FOR PAYMENT FOR ADMINISTRATIVE AND OPERATIONAL SERVICES

Equipment procurement

Cluster 1: Local and field purchase orders
Cluster 2: Headquarters purchase orders without formal bids
Cluster 3: Headquarters purchase orders with formal bids

Subcontracting

Cluster 4: Subcontracting

Training

Cluster 5: Fellowships
Cluster 6: Other training services (in-service training, study tours, seminars)

Project personnel

Cluster 7: International consultants and experts
Cluster 8: National experts and other local personnel

Annex III

SCHEDULE FOR SUPPORT COST FLEXIBILITY ENTITLEMENTS

Annual delivery (millions of dollars)	Percentage rate of reimbursement	
	Marginal rate (percentage)	Effective rate (percentage)
0 - 8	22	22.00
8 - 9	19	21.67
9 - 10	16	21.10
10 - 11	14	20.45
11 - 12	13	19.83
12 - 13	12	19.23
13 - 14	11	18.57
14 - 15	10	18.00
15 - 16	9	17.44
16 - 17	8	16.88
17 - 18	7	16.33
18 - 19	6	15.79
19 - 20	5	15.25
20 - 21	4	14.71
21 - 22	3	14.18
22 - 23	2	13.65
23 - 24	1	13.13
≥ 24	0	13.00

Annex IV

ARRANGEMENTS FOR SUPPORT COST SERVICES

TSS-1

1. The establishment of TSS-1, mandated by decision 90/26, is intended to support the objectives of the successor arrangements elaborated in decision 90/26, paragraph 1 (a through g). This facility should contribute, inter alia, to achieving a sharper technical focus by agencies and to improving agency capacities for technical support to developing countries in the upstream stages of programme and project cycles, including the provision of sectoral policy advice to Governments and the formulation of subsectoral and cross sectoral strategies and programmes.

2. The technical services at the programme level, to be financed by TSS-1, should include those necessary for carrying out (a) significant sectoral and subsectoral studies at the country and intercountry level; (b) the formulation of sectoral programmes; (c) participation in national technical cooperation assessments and programmes, country programming and other technical cooperation assessment and formulation exercises; and (d) thematic evaluations. For these purposes, these services should be considered additional and complementary to other activities currently carried out under the regular programmes of participating agencies and other sources, including UNDP programme resources (see table 4 in document DP/1991/25).

3. Conversely, resources available from the regular budgets of the participating agencies and other sources for these purposes could be viewed as constituting matching funds to be provided to ensure the supplementary character of TSS-1 in the formulation of a joint programme of sectoral activities at the country level. TSS-1 should, therefore, be considered a catalyst for making more effective use, achieving a sharper country focus and providing leverage for other resources available for similar purposes within the United Nations system.

4. The process of needs identification and priority setting will begin in the field. The proposed activities potentially to be funded by TSS-1, reflecting government needs and priorities, will be submitted by the Resident Representative/Resident Coordinator to United Nations Development Programme headquarters. These activities will be elaborated after consultation with the representatives of United Nations organizations under the leadership of the Resident Coordinator. They will be accompanied by observations of the Resident Coordinator and representatives of the participating agencies and information on such other funding which is or may be available, as well as other activities undertaken within the United Nations system.

5. The activities to be covered should fall within the areas of competence of the agencies participating in the new regime.

6. The needs emanating from the field will be aggregated by the United Nations Development Programme. After consulting with the participating agencies, UNDP will propose activities to receive support from TSS-1, or from resources which may be available from sources mentioned in paragraph 2 of the present annex. On this basis, a work programme for the activities to be covered by the resources mentioned will be elaborated jointly by UNDP and the participating agencies concerned. The work programme will be country specific but will also include intercountry activities, as applicable and will cover a period of two years within a forward-looking, three-year plan.

7. It is envisaged that in the initial stages such work programme may cover only part of the activities described in paragraph 2 of the present annex and that the successive plans will cover a wider range of these activities.

8. The selection of activities to be included in the work programme will be based on the priorities indicated by the recipient countries and will also take into account, inter alia, the following:

(a) The need to synchronize studies carried out by the participating agencies concerned at the country level so that more effective use can be made of them;

(b) The need to stagger and smooth out the timing of the studies so that the resulting workload can be accommodated by the participating agencies within their capacities;

(c) The priority of national capacity-building;

(d) Government commitment and willingness to participate in the activity;

(e) The possible usefulness of the studies outside the country;

(f) The need to achieve significant impact in such activities.

9. It is recognized that the process described above will result in a combined programme, drawn up collaboratively between UNDP and the agencies concerned, covering the resources of TSS-1 and those which may be available from the sources mentioned in paragraph 2 of the present annex. Within this programme, the Administrator will have the authority for the appraisal and selection of activities to be financed by TSS-1 and will be accountable to the Governing Council for them. In doing so, he will be guided by the criteria specified in paragraph 7 of the present annex.

10. The process described above will be respected by all parties. While a measure of flexibility in the implementation of the plan should be provided for, the initiation of studies and/or activities of the sort covered by TSS-1 work plans should be avoided outside this framework.

11. The resources of TSS-1 will be managed centrally by UNDP.

12. Since the utilization of TSS-1 resources will be based on country-level needs, there will be no pre-allocation of resources by sector or agency. It is intended, however, that a measure of equity between countries should exist over the five-year period of a programming cycle; it need not exist for two-year work programmes.

13. For the initial two-year period 1992-1993, a work programme would be submitted to the Governing Council at its thirty-ninth session (1992). Activities under this programme could, however, begin in 1992 before its consideration by the Governing Council. The work programme would identify the studies to be carried out by country and agency as well as by sector and programme, as applicable. Thereafter, the work programme would be submitted to the Council every two years, beginning in 1993.

TSS-2

14. The resources of TSS-2 would be potentially available for financing agency technical services at all stages of the project cycle and for all projects in the sectors of competence of the relevant agencies.

15. The purpose of TSS-2 is to increase and enhance the quality of projects and to assist the Administrator in discharging his accountability effectively. All country and intercountry projects may therefore require these services.

16. TSS-2 services may be required irrespective of the arrangements for the delivery of administrative and operational services.

17. It is recognized that project formulation and design services have in the past been financed primarily through programme resources, including the IPF (through the preparatory assistance modality), SPR (through the Project Development Facility) and agency sources (see table 5 of document DP/1991/25). This practice, to the extent necessary and taking into account resources available under TSS-2, may continue in the future. The Project Development Facility is expected to be available to the agencies concerned.

18. Technical support during implementation is the principal target of TSS-2 resources. It is recognized that such support can be divided into two categories:

(a) Services which can be foreseen to be required, before the approval of a project and for which, therefore, the provision of resources can be planned for; and

(b) Unforeseen requirements arising from the need to take corrective action during the course of implementation.

19. The level and extent of TSS-2 services should be determined in accordance with relevant procedures and by the needs of individual projects, taking into account such factors as the technical complexity of a project and the

availability of technical support for the project in the country. There should thus be no automatic entitlements in the use of these services; it is understood, however, that agency technical services of monitoring and evaluation would normally apply to large-scale projects, and projects of special complexity. It is also intended that the distribution of these resources by countries will be roughly in line with IPFs, after making due provision for unforeseen requirements mentioned in paragraph 18 (b) of the present annex. TSS-2 resources will not be apportioned by agency or sector.

20. TSS-2 is a facility entrusted to the Administrator. The determination of the need and extent of services required will be made by the Administrator in close consultation with the Government and agency concerned.

21. The Administrator shall be accountable to the Governing Council for the effective use of the TSS-2 facility. He shall provide periodic reports to the Governing Council on the use of these funds, including information on its utilization by country and agency.

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DRAFT DECISION

Support costs: successor arrangements

Annex I

ARRANGEMENTS FOR SUPPORT COST SERVICES

TSS-1

1. The establishment of TSS-1, mandated by decision 90/26, is intended to support the objectives of the successor arrangements elaborated in decision 90/26, paragraph 1 (a through g). This facility should contribute, inter alia, to achieving a sharper technical focus by agencies and to improving agency capacities for technical support to developing countries in the upstream stages of programme and project cycles, including the provision of sectoral policy advice to Governments and the formulation of subsectoral and cross sectoral strategies and programmes.

2. The technical services at the programme level, to be financed by TSS-1, should include those necessary for carrying out (a) significant sectoral and subsectoral studies at the country and intercountry level; (b) the formulation of sectoral programmes; (c) participation in national technical cooperation assessments and programmes, country programming and other technical cooperation assessment and formulation exercises; and (d) thematic evaluations. For these purposes, TSS-1 should be considered additional and complementary to other activities currently carried out under the regular programmes of participating agencies and other sources, including UNDP programme resources (see table 4 in document DP/1991/25).

3. Conversely, resources available from the regular budgets of the participating agencies and other sources for these purposes could be viewed as

constituting matching funds to be provided to ensure the supplementary character of TSS-1 in the formulation of a joint programme of sectoral activities at the country level. TSS-1 should, therefore, be considered a catalyst for making more effective use, achieving a sharper country focus and providing leverage for other resources available for similar purposes within the United Nations system.

4. The process of needs identification and priority setting will begin in the field. The proposed activities potentially to be funded by TSS-1, reflecting government needs and priorities, will be submitted by the Resident Representative/Resident Coordinator to United Nations Development Programme headquarters. These activities will be elaborated after consultation with the representatives of United Nations organizations under the leadership of the Resident Coordinator. They will be accompanied by observations of the Resident Coordinator and representatives of the participating agencies and information on such other funding which is or may be available, as well as other activities undertaken within the United Nations system.

5. The activities to be covered should fall within the areas of competence of the agencies participating in the new regime.

6. The needs emanating from the field will be aggregated by the United Nations Development Programme. After consulting with the participating agencies, UNDP will propose activities to receive support from TSS-1, or from resources which may be available from sources mentioned in paragraph 2 of the present annex. On this basis, a work programme for the activities to be covered by the resources mentioned will be elaborated jointly by UNDP and the participating agencies concerned. The work programme will be country specific but will also include intercountry activities, as applicable and will cover a period of two years within a forward-looking, three-year plan.

7. It is envisaged that in the initial stages such work programme may cover only part of the activities described in paragraph 2 of the present annex and that the successive plans will cover a wider range of these activities.

8. The selection of activities to be included in the work programme will be based on the priorities indicated by the recipient countries and will also take into account, inter alia, the following:

(a) The need to synchronize studies carried out by the participating agencies concerned at the country level so that more effective use can be made of them;

(b) The need to stagger and smooth out the timing of the studies so that the resulting workload can be accommodated by the participating agencies within their capacities;

(c) The priority of national capacity-building;

(d) Government commitment and willingness to participate in the activity;

(e) The possible usefulness of the studies outside the country;

(f) The need to achieve significant impact in such activities.

9. It is recognized that the process described above will result in a combined programme, drawn up collaboratively between UNDP and the agencies concerned, covering the resources of TSS-1 and those which may be available from the sources mentioned in paragraph 2 of the present annex. Within this programme, the Administrator will have the authority for the appraisal and selection of activities to be financed by TSS-1 and will be accountable to the Governing Council for them. In doing so, he will be guided by the criteria specified in paragraph 7 of the present annex.

10. The process described above will be respected by all parties. While a measure of flexibility in the implementation of the plan should be provided for, the initiation of studies and/or activities outside of this framework should be avoided.

11. The resources of TSS-1 will be managed centrally by UNDP.

12. Since the utilization of TSS-1 resources will be based on country-level needs, there will be no pre-allocation of resources by sector or agency. It is intended, however, that a measure of equity between countries should exist over the five-year period of a programming cycle; it need not exist for two-year work programmes.

13. For the initial two-year period 1992-1993, a work programme would be submitted to the Governing Council at its thirty-ninth session (1992). Activities under this programme could, however, begin in 1992 before its consideration by the Governing Council. The work programme would identify the studies to be carried out by country and agency as well as by sector and programme, as applicable. Thereafter, the work programme would be submitted to the Council every two years, beginning in 1993.

TSS-2

14. The resources of TSS-2 would be potentially available for financing agency technical services at all stages of the project cycle and for all projects in the sectors of competence of the relevant agencies.

15. The purpose of TSS-2 is to increase and enhance the quality of projects and to assist the Administrator in discharging his accountability effectively. All country and intercountry projects may therefore require these services.

16. TSS-2 services may be required in all the arrangements for the delivery of administrative and operational services.

17. It is recognized that project formulation and design services have in the past been financed primarily through programme resources, including the IPF

(through the preparatory assistance modality), SPR (through the Project Development Facility) and agency sources (see table 5 of document DP/1991/25). This practice, to the extent necessary and taking into account resources available under TSS-2, may continue in the future. The Project Development Facility is expected to be available to the agencies concerned.

18. Technical support during implementation is the principal target of TSS-2 resources. It is recognized that such support can be divided into two categories:

(a) Services which can be foreseen to be required, before the approval of a project and for which, therefore, the provision of resources can be planned for; and

(b) Unforeseen requirements arising from the need to take corrective action during the course of implementation.

19. The level and extent of TSS-2 services should be determined in accordance with relevant procedures and by the needs of individual projects, taking into account such factors as the technical complexity of a project and the availability of technical support for the project in the country. There should thus be no automatic entitlements in the use of these services; it is understood, however, that agency technical services of monitoring and evaluation would normally apply to large-scale projects, and projects of special complexity. It is also intended that the distribution of these resources by countries will be roughly in line with IPFs, after making due provision for unforeseen requirements mentioned in paragraph 18 (b) of the present annex. TSS-2 resources will not be apportioned by agency or sector.

20. TSS-2 is a facility entrusted to the Administrator. The determination of the need and extent of services required will be made by the Administrator in close consultation with the Government and agency concerned.

21. The Administrator shall be accountable to the Governing Council for the effective use of the TSS-2 facility. He shall provide periodic reports to the Governing Council on the use of these funds, including information on its utilization by country and agency.

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DRAFT DECISION

United Nations Population Fund: Successor support cost arrangements

The Governing Council,

Recalling its decision 90/26 of 22 June 1990,

Taking note of the report of the Executive Director on proposed United Nations Population Fund successor arrangements for agency support costs (DP/1991/35 and Corr.1),

Considering the continuing consultations between the United Nations Population Fund and the United Nations, including the regional commissions, on operationalizing the successor support cost arrangements, including institutional and implementation aspects as well as the question of the location of the teams,

1. Decides that the successor arrangements for the United Nations Population Fund should:

(a) Provide coordinated, effective and timely support for population programmes and policies in developing countries;

(b) Utilize and maximize, to the extent possible, national and regional capacities in the area of population activities;

(c) Utilize the most appropriate and competitive sources of technical assistance, taking into account fully the relevant capacities of the United Nations agencies and non-governmental organizations to provide required technical advisory functions in support of country programmes and projects funded by the United Nations Population Fund;

(d) Bring technical services and advice much closer to field-level activities in developing countries as part of the process of appropriate decentralization of the programmes of the United Nations Population Fund;

(e) Facilitate the further assumption by Governments of the management of programmes and projects financed by the United Nations Population Fund, consistent with greater national execution of such programmes;

(f) Continue the practice of cost-sharing between the United Nations Population Fund and agencies of the United Nations system participating in the new successor arrangements;

2. Confirms the clear and full accountability of the Executive Director of the United Nations Population Fund to the Governing Council for the United Nations Population Fund successor support cost arrangements;

3. Endorses the principle of the team approach, as set out in document DP/1991/35, in assisting the representatives/country directors of the United Nations Population Fund in the provision, coordination and management of technical advisory services and backstopping, and acknowledges the necessity of making the appropriate adjustments in operationalizing the team approach in light of consultations referred to in the third preambular paragraph of the present decision;

4. Stresses the desirability of the teams' cooperating with existing regional mechanisms in a manner conducive to the attainment of the objectives set out for the United Nations Population Fund by the Governing Council, the Economic and Social Council and the General Assembly;

5. Takes note of the United Nations decision to participate fully in the United Nations Population Fund successor support cost arrangements, effective 1 January 1993, as set forth herein; and takes note that the arrangement will continue during 1992 on the same basis as currently (13 per cent reimbursement for execution services and the financing of advisory posts previously financed under the intercountry programme);

6. Requests the Executive Director to reflect in her decisions on the number, fields of technical competence and geographical deployment of the team members, the priorities given the United Nations Population Fund by the Governing Council, also taking due account both of the need to provide expertise on socio-cultural factors as well as of the outcome of the consultations referred to in the third preambular paragraph of the present decision, and to submit a progress report to the Governing Council at its thirty-ninth session (1992);

7. Requests the Executive Director, taking account of the outcome of the consultations referred to in the third preambular paragraph of the present decision, to locate the country programme technical support teams, as far as possible, contiguous with the country offices of the United Nations Population Fund or other existing facilities of the United Nations system in order to

ensure optimal complementarity and to minimize administrative costs, and to report to the Governing Council at its thirty-ninth session (1992) on the actual and envisaged location of the teams;

8. Requests the Executive Director to submit to the Governing Council at its thirty-ninth session (1992) more information on the terms of reference of and the reporting and working relationships between the country programme technical support teams, specialists and coordinators at agency headquarters and regional offices, and representatives/country directors of the United Nations Population Fund, including proposals on the determinations of one ultimate decision maker, in order to ensure optimal complementarity between them, to avoid any duplication of work and to ensure clear lines of responsibility;

9. Agrees with the use of an inter-agency task force on the United Nations Population Fund successor support cost arrangements as an advisory body, assisting the Executive Director in, inter alia:

(a) Making preparatory arrangements for the implementation of the new scheme;

(b) Reviewing job descriptions for the technical support services posts and consulting on suitable candidates for these posts;

(c) Monitoring the performance of the new technical support services arrangement including, inter alia, reviewing the work of the teams and of headquarters specialists and coordinators as well as the interaction among the various parties involved and assessing the contribution of the teams to programmes and projects financed by the United Nations Population Fund;

(d) Improving the quality and effectiveness of technical support to country programmes and ensuring harmonization and complementarity of the tasks performed by various technical support services personnel;

10. Authorizes the Executive Director of the United Nations Population Fund to commit an amount of $130.3 million over the four-year period 1992-1995, not exceeding 13.8 per cent of programmable resources, and to allocate these funds for technical support services and for administrative and operational services, based on a compensation arrangement with executing agencies of 7.5 per cent of project expenditures incurred for the implementation of country projects, with the exception of the United Nations in 1992, for which the current level of 13 per cent applies, as noted in paragraph 5;

11. Decides that the use of funds released by a reduction of the costs of administrative and operational services must be approved by the Governing Council;

12. Takes note of the envisaged establishment of 120 country programme technical support team posts as well as 44 specialist and coordinator posts at United Nations agency headquarters, regional offices and regional commissions;

13. Notes that additional funds for mobilizing technical support services and the costs of administrative and operational services for the intercountry programme will be included in respective country (for technical support services), regional and interregional (for administrative and operational services) project budgets, and requests the Executive Director to report to the Governing Council on a biennial basis, starting in 1993, on the amounts of these funds included in the project budgets;

14. Requests the Executive Director of the United Nations Population Fund to arrange for an independent evaluation of the successor support cost arrangements, provide the results of the evaluation and report on the effectiveness of the new arrangements to the Governing Council at its forty-second session (1995), in close collaboration with the concerned agencies.

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Agenda item 5 (c)

REPORT OF THE CHAIRMAN OF THE DRAFTING GROUP TO THE PLENARY

Addendum

91/__. Support cost review: financial provisions

The Governing Council

Takes note of the report of the Administrator on agency support costs (DP/1991/7), in particular paragraphs 28 and 29 thereof, dealing with financial provisions for the United Nations Development Programme in connection with the support cost review, and authorizes the Administrator to charge up to $420,000 to the support cost line of the fourth programming cycle for the purposes specified in the report.

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DRAFT DECISION

Sectoral support

The Governing Council,

Recalling its decision 90/24 of 23 June 1990,

1. Takes note of the report of the Administrator on the review of the sectoral support programme (DP/1991/27);

2. Decides that $3.8 million per annum of sectoral support funds should be allocated to the United Nations Industrial Development Organization Country Directors' programme and $2.2 million per annum for the smaller technical agencies;

3. Invites the Industrial Development Board to address the question of the financing of the United Nations Industrial Development Organization Country Directors' programme in the light of the successor arrangements to support costs;

4. Further decides that the sectoral support programme will be reviewed as part of the evaluation of the new support cost arrangements and consultations with the smaller technical agencies in 1993;

5. Authorizes the Administrator to add the International Civil Aviation Organization to the list of smaller technical agencies participating in the sectoral support programme, which would now be constituted as follows: International Maritime Organization, International Trade Centre, International Telecommunication Union, International Civil Aviation Organization, United Nations Conference on Trade and Development, Universal Postal Union, World Intellectual Property Organization, World Meteorological Organization, World Tourism Organization, International Atomic Energy Agency, United Nations Centre for Human Settlements and United Nations Centre on Transnational Corporations.

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